

DIGITAL PAYMENT SOLUTIONS SERVICE UNICORN – A CASE STUDY OF MOBIKWIK

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ABSTRACT

Alexander Graham Bell would more than happy to see today's technical connectivity of phones to other devices. Graham bell's device to today's android, iOS or windows phone! APP for almost every task. One can Google it rather than thinking. Lollipop, Kit-Kat, jelly bean to siri, technology is changing its perspective so fast. One touch can do miracles. In this digital world, Mobile is key to innovation. The marriage of mobile phones and banking system is resulting in new ventures like Mobikwik, which has changed the face of digital payments.

Closed wallet, semi-closed wallets, and open wallets are an option to the customers today but this business needs technical awareness and high investment. A good business strategy with payment card industry data security standard will result like the success of Mobikwik. A company of digital world which stores processes and transmit the data with certification feather in its cap. The market is majorly monopolistic and expanding due to digital standards every day. But what makes Mobikwik a challenger to PAYTM?

This paper is aimed to find business strategy and future of Mobikwik which is gradually becoming a unicorn in digital payment solutions after winning the millionth award in south Asia in the mobile business category in the year 2014. This paper also aimed to find out the challenges of digital payment solution services as PAYTM data hacking is a leading example similarly, perception of customers towards digital payment solution services is a tricky issue yet. They are expanding the business every day and still a hundred miles to go as the Indian market is not properly tapped yet.

KEYWORDS: Mobikwik, Digital Payment & Solutions

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INTRODUCTION

8th November midnight Indian government decided remonetization of 500 Rs. Notes and closing down of 1000 Rs. Notes. There were multiple reasons behind this demonetization. As per the reports of reserves bank published on 31st March, 2016 that India was having currency notes worth Rs. 16.42 lakh core. Out of which 86 % were only big currency notes. This tempted Modi government to announce demonetization as a part of making India a cashless economy what the big economies trending for. The economy where we do not use cash or notes for transactions is called cashless economy. No country till date is completely cashless. The other is also known as less cash economy means the notes are used at a minimum. The currency is having an electronic or digital shape. Bitcoins are also part of this type of economy

Benefits of Cashless economy

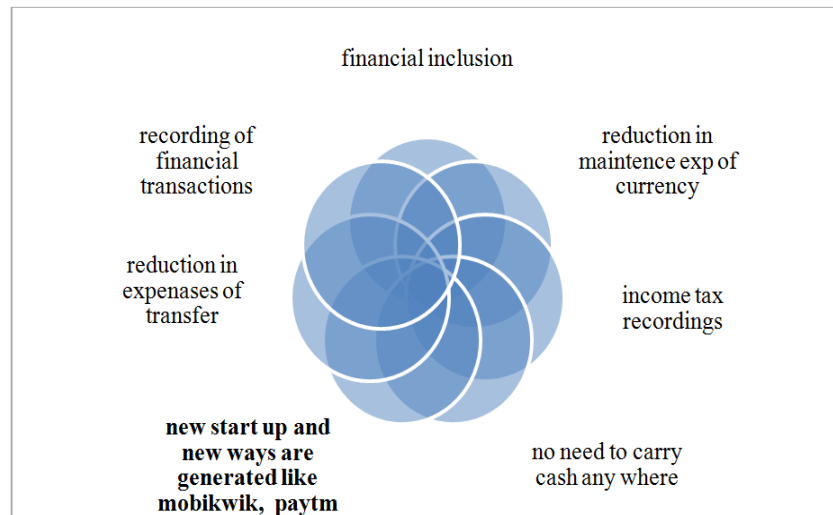


Figure 1

- There are multiple benefits of cashless economy. As due to digital payment one need not carry cash or need not take care of cash. Paytm rose due to this reason only as Vijay Shekhar Sharma always fought for the payment of petty cash. Now with the help of paytm it can work better
- There is no time limitation for small or greater amount of cash.
- One can take benefits of discounts as the government of India is giving many motivations to promote digitalization of payments. All the e-commerce sites give an additional discount for using e payment.
- One can easily pay income tax online as half of the details are already with the government due to Aadhaar card, digital locker and pan card.
- New startup like e-wallet, e – payments will get an opportunity to stand ahead of time.
- Tax evasion will be difficult for people now.

LITERATURE REVIEW

Mukhopadhyay, (2016), understanding cashless payments in India mentioned that there is a less understanding of cashless transactions. Multiplier effect of cash less payments on gdp growth. One day or another it will result as the engine for growth. More the number of transactions in a digital way will boost the growth India needs.

Yamuna& Vidya,(2016), A study on new dynamics in the digital payment system– with special reference to paytm and pay u money mentioned that the business of digital payment or mobile wallets is increasing day by day but there are always some technical issues in securities of payments through mobiles. If someone knows the password then they may steal your money.

Matanghi, latarshi and miencha, (2017) improving service quality through digital banking-issues and challenges mentioned that India is the most promising market for being digital economy. There is a tremendous scope for becoming a formally digital economy. But still, there is no readiness for digital payments as the geographical issues are always part of it. Indian digital payment market is diverse.

Tawade, (2017), future and scope of cashless economy in India, talks about the imitative taken by the government of India but the threats of cyber attacks too. The fraud in e-commerce and identification issues in e-wallet are some of the issues faced by the common people.

RESEARCH METHODOLOGY

Research Objective

To understand the growth pattern and business model of Mobikwik.

Research Design

Population: 20

Sample size: 1

Type of sampling: Judgmental and convenient

Variable: existence in the market

Test: none

Data collection: Internet, magazines, telephonic conversation with mobikwik customer service center, etc.

Why Mobikwik?

Mobikwik was founded in 2009 by husband and wife team Bipin Preet Singh and Upasana Taku. Singh, a 2002 graduate from IIT Delhi, saw an opportunity to improve mobile recharge options. He seeded the company with only 8 lakh of his own money, developed the website and payment options, and rented office space in Dwarka, Delhi. The initial service was through a website with a closed wallet facility, but over the years, mobikwik extended their service to mobile apps as mobile because the key option for not only the private sector players but for the government sector payers too like SBI launched branch abaapkijeb me and BHIM app by the central government. The company initially partnered with online merchants to make their wallet available as a payment option on e-commerce sites.

Mobikwik, simply put is one of India's leading mobile wallet companies, that offers its users to use this virtual wallet to make any kind of payments be it online or offline, at any of its 50,000 (brick and mortar) or 20,000 (online) merchants, just like a physical wallet.

Some of their merchants include – café coffee day, Domino's pizza, pizza hut, pvr, ebay, jabong, snapdeal, shop clues, homeshop18, naaptol, pepperfry, fashionara, makemytrip, bookmyshow, etc.

Personally speaking; the electrical engineer from iit-d, likes to call himself a sports fanatic and holds a keen interest in playing and watching football. Additionally, he has also taken the initiative to become the lead trainer, motivator and content contributor in janaagraha's flagship training program called cap – citizen awareness program, in his early days.

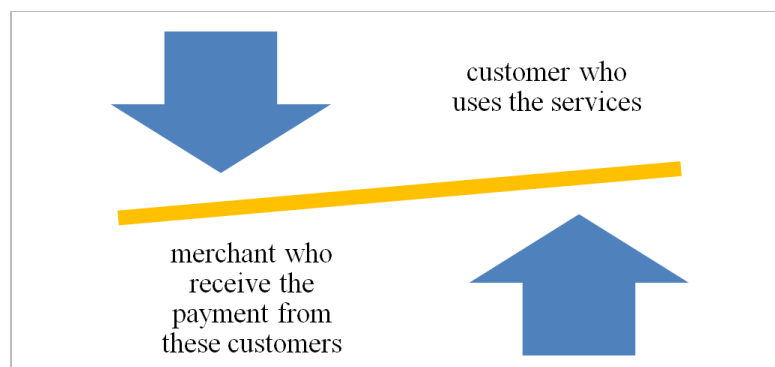
Quick Journey of Mobikwik?

After speaking to a lot of people and after getting a lot of rejections, he one day stumbled upon an old flatmate of his from Bangalore, who immediately agreed to his idea, after which, he also got in sunali Aggarwal from the east village to partner with them for user experience.

Now that he had it all – the business skills, the technical skills, and usability in his bucket, he chipped in a seed capital of around rs.8 lakhs from his own pocket, to begin the project. Most of the investment was spent on the main surrounding factors like infrastructure, website, payment options, office space, etc. And finally in 2009; founded mobikwik! In the initial time company raised \$250k seed funding and looking at the growth of the company in 2013, Cisco investments, American express, and the existing investor, sequoia capital invested \$25 million in series b which was \$5 million in a series a round.

Business Model of Mobikwik

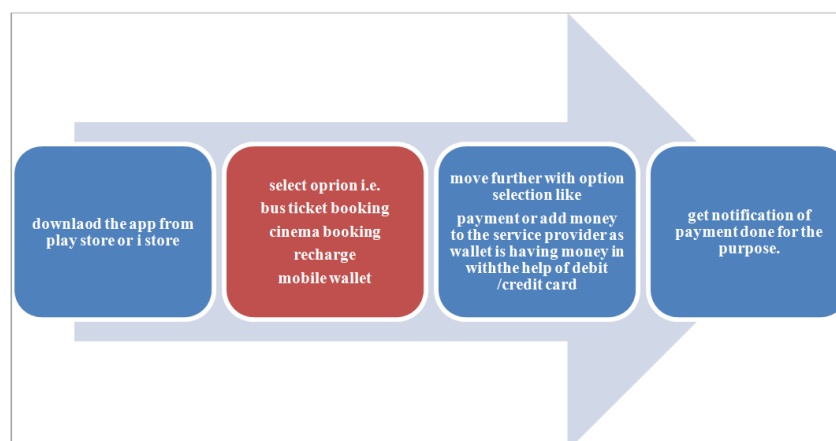
Mobikwik works for both customers as well as for suppliers. At the same time, they are providing value for money to both. There are more than 80 lakh people who are using mobikwik. There is a huge opportunity in this business due to the use of smartphones. In India desktop and Laptop may not be everyone's cup of tea but smartphones are the talk of the town. Smartphone is the first computing device. So the future of payments is mobile payment. So right now the market is virgin and huge opportunities lying around.



Source: Author's Conceptualization

Figure 1: Two Pillars of Success of Mobikwik

So if these both are *GROWING*, *MOBIKWIK GROWS AUTOMATICALLY. BUSINESS NEED NOT FIND NEW CUSTOMERS EVERY TIME AS MOBIKWIK USER I.E. CUSTOMER AUTOMATICALLY GETS THE NOTIFICATION.*



Source: Author's Conceptualization

Figure 2: Process of Mobikwik Payment

Mobikwik is now targeting populous online payments as people still don't use mobikwik for small payments like movie show tickets or bus tickets or other small payments. It's hardly 10 % of what bank deals with. Their target is to replace debit or credit card with mobikwik so that one can pay easily at restaurants or shopping malls with cool payment experience.

Marketing Strategy

Payments in India are regulated business. So any company which provides payment solutions need to take a license from reserve bank of India. People who paid on mobile through their debit card or credit card are a painful experience due to multiple step process therein. And nearly 40% payment fails. So Bipin found an opportunity in this pain i.e. to provide mobile wallet to customers. It's only 2 step process which ends with register mobile identification and password authentication.

The company uses social media platform effectively for lead generation and launches various offers to convert it into sales. At present, the Facebook business page has around 7.9 lacs fans and twitter witness over 55k followers. With the lucrative and attracting contents and videos posted frequently, the company has used effectively the social media platforms. Youtube page of the company has around 1,628 subscribers. Google+ has 21k followers and Instagram has over 140 followers. Followers on Facebook are increasing in count day by day which is making mobikwik an India's leading mobile wallet company.

So What Exactly Was Their Business Model All About?

All they had was a noble intent to offer customers a solution to free themselves from the hassles they faced regularly when dealing with mobile operators or their services. Mobikwik in simpler terms was a model created to ease the payment problems that were faced by online users every now & then in India.

Mobikwik was primarily founded with an aim to create an online store where all the needs of mobile owners can be satisfied, covering all three major verticals – voice, data, and applications.

All a user had to do was, add money once to mobikwik wallet which later could be used multiple times across functions, services, and service providers to make payments. By this way, one could easily reduce the risk of exposing card details or bank account details at multiple merchants.

They initiated the model with voice services like a prepaid recharge for all operators across India, data services (gprs/3g top-ups) and plug n play mobile applications. To make it even more accessible, they even launched an SMS-based recharge model on the available mobikwik balance for the people who did not have internet service, along with a kwikplan that leveraged one to an automatic recharge facility based on their budget every month. Now the other thing they realized was that most of the mobile services used to function on a 'push' model basis that means the operator would push down the services to customers and then the customer would select what they want. But customers did not have the freedom to proactively go to look for their preference; hence, limited choices and lower quality services.

To counter that, what mobikwik did was it brought in an altogether a new 'pull' model in the Indian telecom space, wherein one could recharge mobile, check out new plans or offers, find premium apps. The next obvious task for the company was to marketing. But just like every other start-up with a tight budget, they were forced to be very calculative on where they spent their money. Hence, word of mouth was one of the only marketing techniques they could opt for, apart

from social media of course. Since then, there has been no looking back for them and their growth has been tremendous.

A mobile wallet is technology-based business. Needs lots of research to make applications for the different type of mobiles i.e. android, apple, and windows phone applications. They still continue with their website. The major investment is in developing these platforms on the technological form. They deal with money so trust becomes a crucial element to work for that is why during the days of allegation mobikwik established a pro department which was dealing with customer queries only.

Where Mobikwik Stands with its Competitors- A Comparative Analysis

Table 1

Wallet/ Use	E-Commerce	Bookings	Deliveries	TAXI	Offline Shops	P2P	Recharges
PAYTM	PAYTM, EBAY	PAYTM, IRCTC, BOOKMYSHOW, MAKEMYTRIP, CLEARTRIP, PVR CINEMAS	SWIGGY, ZOMATO ORDER, GROFERS, BIGBASKET	UBER, MERU	YES	YES	YES
Freecharge	SNAPDEAL, JABONG	IRCTC, BOOKMYSHOW	SWIGGY, ZOMATO ORDER	MERU	YES	YES	YES
MOBIKWIK	EBAY, JABONG, MYNTRA	MOBIKWIK, IRCTC, BOOKMYSHOW, MAKEMYTRIP, CLEARTRIP, PVR CINEMAS	SWIGGY, ZOMATO ORDER, GROFERS, BIGBASKET	MERU	YES	YES	YES
OLA Money	EBAY, VOONIK, HEALTHKART	BOOKMYSHOW, CLEARTRIP, OYO ROOMS	BOX8, DOORMINT	OLA	YES	YES	YES
PAYU Money	EBAY, JABONG, MYNTRA, CROMA	MAKEMYTRIP, BOOKMYSHOW, CLEARTRIP	ZOMATO ORDER, GROFERS, BIGBASKET	-	YES	YES	YES
ITZCASH	YEBHI	BOOKMYSHOW, IRCTC, YATRA, CLEARTRIP	-	-	YES	YES	YES
OXIGEN	EBAY	IRCTC, BOOKMYSHOW, PVR CINEMAS	-	-	YES	YES	YES
Vodafone Mpesa	EBAY, WALMART IND	BOOKMYSHOW	-	-	YES	YES	YES
Airtel Money	EBAY, MYNTRA	BOOKMYSHOW	-	-	YES	YES	YES
Jio Money	EBAY	BOOKMYSHOW	-	-	YES	YES	YES

Mobikwik Growth

The company broke even in 2013; and today with over 17 million users and 50,000 merchants (retailers) and 20,000 merchants (online), one mobikwik system private limited, the parent company of mobikwik has gone on to become India's leading mobile wallet company.

Its services now also include – mobile recharge, postpaid bill payment, online dth recharge, life insurance, electricity, landline, and gas, etc. Mobikwik pockets a range of reputed brands as their esteemed clients including – café coffee day, Domino's pizza, pizza hut, tastykhana, justeat, pvr, ebay, jabong, snapdeal, shopclues, etc. unlike most competitors or other internet-based companies, they are expanding from the virtual world to the brick and mortar outlets to

increase coverage of its mobile wallet.

Recently mobikwik proved special facilities for startup businesses. There are more than 500 startups who already have tie-up with mobikwik because due to big database startup get new customers and an improved payment experience.

Innovation is the key for this business due to global standards. Mobikwik became digital wallet provider along with payment service solutions.

Challenges to Mobikwik-

- First and biggest challenge is the safety of data. Paytm faced a problem because it was having its servers in China which were hacked by a Chinese. This resulted in stealing of money from Indian Public sector Banks due to password save option-clicking
- Some companies have authorized data saving options like apple. Somewhat it is good but when data is online it can be turned into a lethal weapon for digital payment solutions services.
- Competition and unfair trade practices are part of this business
- People's money is always on risk as the business is online and the founder-owner may take away money though the license is issued.
- FRDT is not applicable to digital payment solutions services
- No recovery can be done if wrongly payment is done as it's not part of banking services

CONCLUSIONS

Demonetization changed the use of notes in India. People are using small currency notes more than the big notes. Cashless economy strategy of the Indian government is working gradually. Reports of RBI related to demonetization and cash efficiency notified that after demonetization the use of small notes is increased. The launch of 200 Rs. Notes are part of the same strategy that gradually big notes will be removed from the economy. Mobikwik may take it as an opportunity because a share of small notes is increased up to 20.6 %. 40% use of pos terminals clearly shows bright future of mobikwik. But there are challenges ahead as paytm was having its server in China and a simple hacking of banks information lead into the additional cost of changed debit cards by all PSB's. Digital payment business is always full of risk as amount once paid cannot be recovered again and no application of banking service clause makes it riskier. Competition and unfair trade practices are another bonus. There is a huge potential in India for mobile payments. But due to lack of awareness and fraud people do not accept it much and get stucked to the pattern of debit and credit card payment. Mobikwik is having the biggest challenge of theft from the mobile wallet. Though it's a regulated business any refresh button or back button press will result in unwilling payment or anyone who knows your password may steal the money. So still security is an issue with all mobile wallet app. Otp in other mail or other accounts may reduce the damage.

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